

VMR - VRO GUIDELINE – SOLE PROPRIETORSHIPS

Checklist Reference – *VMR-VRO Setting up Sole Proprietorships*

Narrative – By setting up sole proprietorships as stated in the accompanying checklist, VMR's will accomplish the following:

- 1) Establish a standard method for entering sole proprietorships.
- 2) Using alternate names on a separate 1099 address enables 1099's to print with the legal name DBA the business name according to IRS rules.
- 3) Voucher users will still be able to search for the business name rather than having to know who the owners are. The checks or ACH advices will also be made payable to the business name rather than the owner's.

Problem 1: A sole proprietor receives payment under a business name, but needs to report under his name and, possibly a different address.

- A separate address is usually set up called "1099 MAILING." It is only used to tie in as the 1099 Reporting address on the appropriate location(s). This allows a vendor to receive checks under its business name, but the 1099's will be made out to the owner (sole proprietor) and perhaps even a different address.

Problem 2: If VMR's set up the business according to IRS rules, Name 1 must be the legal name of the owner belonging to the TIN. If an individual's name is entered, or a parent company's, voucher users cannot find the vendor under the business name. This often leads to duplicate vendors.

- By using the 'Payment/Withholding Alternate Names' on the 1099 mailing address, the State will comply with IRS rules by having the legal name print on 1099's. The payments issued with the remit address, however, will show the business name that vouchers/PO users are familiar with.

Feel free to contact the Vendor Registry Office at spovendor@nd.gov for help or guidance in entering or updating vendor information. The Vendor Registry Office will research the information, take the appropriate action and respond to your inquiry in a timely manner.